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SUBJECT: WTO DEMARCHE: FRENCH MAINTAIN VIEWS ON AG TRADE

REF: A. STATE 1999861 B. TRADE OFFICERS E-MAIL CHAIN

**¶1.** (SBU) SUMMARY: Emboffs delivered ref A points to key French officials at the Elysee, the Trade Ministry and the Foreign Ministry, who continue to voice their objections to the Commission's revised proposal for the WTO Doha Round negotiations. The French approach seems to have changed very little over recent weeks. French officials say the Commission's latest proposals, like the previous ones, go even further beyond the Commission's agreed-upon negotiating mandate. France therefore reserves the right to "veto" the EU position at any point. Dismissing the U.S. proposal, French officials say France "has sacrificed already", and cite their 2003 reform of the Common Agricultural Policy as agreed to by EU member states. END SUMMARY

**¶2.** (SBU) Ministers and cabinet advisors alike say publicly the GOF has lost confidence in EU Trade Commissioner Peter Mandelson. Agriculture Minister Busseureau, like other Ministers, continues to speak disparagingly of him and of the Commission's new proposal. The EU's proposal, says Herve Lejeune, President Chirac's agriculture advisor, is even further from the Commission's mandate. For example, he called the "safeguard" proposals "nothing but hot air." Lejeune told FAS M/C and Econoff that President Chirac has therefore reserved the right to "veto" the EU's proposal at whatever time he deems necessary. A French veto could come at any time, in the next days, at the Hong Kong Ministerial in December or even later.

**¶3.** (SBU) MinAg's international affairs chief Christian Ligeard told FAS M/C that France would nevertheless maintain a high profile in the agriculture negotiations, and hinted at a more flexible approach if significant advances are made in other sectors, such as services.

**¶4.** (SBU) French officials make clear President Chirac is in charge on this issue. Chirac advisor Lejeune said he believed WTO Director-General Pascal Lamy and Trade Commissioner Peter Mandelson's strategy was "to isolate France". Nevertheless, the "President of the Republic" was "very calm". (Note: Pascal Lamy, while French, is an active member of France's Socialist Party. Chirac only reluctantly supported Lamy's candidacy as Director-General of the World Trade Organization.)

#### KEY FACTORS

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**¶5.** (SBU) The key factors for France, according to Lejeune were:

- A) France stands by the "sacrifices" embodied by the 2003 CAP reform; the current Commission, is disregarding it;
- B) Perceived public support for agricultural protectionism is strong.
- C) France is committed to a development round, but is more interested in helping LDCs like Mali, than emerging export powerhouses like Brazil.

As did other officials, Lejeune dismissed the recent U.S. agricultural proposal as containing less than meets the eye, and referred disparagingly to the US proposal. Regardless of its merits, Lejeune said, France cannot be persuaded that the U.S. offers will stand in advance of Congressional debate on the Farm Bill.

#### SINGLING OUT BRAZIL

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**¶6.** (SBU) Curiously, the Brazilians are also regularly singled out for opprobrium in private meetings. Despite a yearlong cultural celebration in France in 2005 known as "the Year of Brazil", GOF officials regularly deride Brazil's dubious status as a developing country and criticize Brazil's aggressive trade negotiating style. Chirac's multilateral

advisor Laurent Vigier posited a "nightmare scenario" for the U.S. and the EU in which the Brazilians would reap all the benefits from the Doha Round by pushing through full market access to the EU and forcing the US to reduce its domestic supports through more offensive dispute settlement cases at the WTO.

COMMENT: A WAITING GAME?

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¶7. (SBU) COMMENT: Over the last weeks, the French have not changed their tune on agricultural trade. Unlike some of their EU colleagues, they are not motivated to play the WTO game and try to match the U.S. or G20 in lowering agricultural tariffs or subsidies. Given the negative political impact of the May referendum on the European constitution, the weakened Chirac/Villepin government likely sees no political upside to giving up subsidies for a key export sector and opening it to foreign competition at time where the economy is generally weak. And traditionally, French voters have long supported a protectionist approach to agriculture, for a number of rational and historical reasons.

¶8. (SBU) COMMENT CONTINUED: On the other hand, most government officials have hinted at France's strong interest in pursuing market access for its more competitive service and industrial goods sectors. As the government lays down a marker for a possible veto that could protect agriculture, it will benefit from waiting on the sidelines and seeing which way the wind blows on the other issues.

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